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"Moderate" rates, and who pays

London

[1912?]

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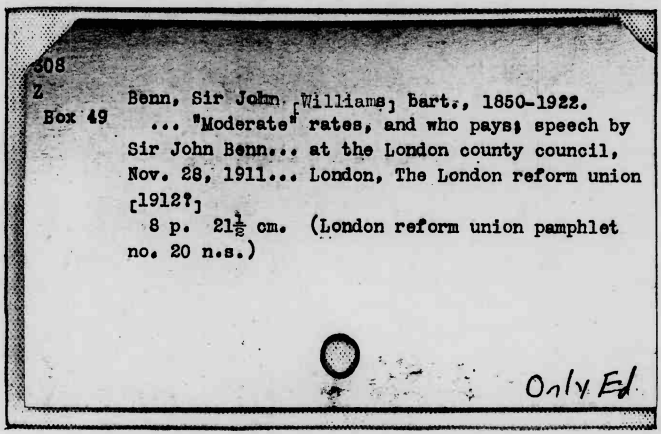
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London Reform Union.

"Moderate" Rates, and Who Pays.

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SPEECH BY

SIR JOHN BENN,

D.L., J.P., L.C.C.

The Progressive Leader,

AT THE

London County Council, Nov. 28, 1911.

"London is really a great town and requires town and not county government."
(Report of Royal Commission on the Unification of London, 1893).

ONE PENNY.

London : Published by the London Reform Union, Trafalgar Buildings Charing Cross, W.C.
Telephone 1972 Central.

"Moderate Rates" and Who Pays.

SPEECH BY

Sir John Benn,

At the LONDON COUNTY COUNCIL, NOVEMBER 28, 1911.

On an L.C.C. Return of "Rates Made" 1911-12 (presented by the Local Government Committee).

Sir John Benn said:—

Mr. Chairman,—In consequence of the reception given to some remarks of mine a fortnight ago on "The Cost of London Government," I propose this afternoon to pursue that enquiry and examine our latest return of "rates made" in London. It will, I think, be useful to learn how we stand to-day under the present administration, and, what is of equal importance, who most feels the burden of the rising rate. I do not wish to make party capital out of this analysis, but I cannot help remembering that five years ago the Progressive Party was driven from office on a plea of reckless expenditure and "High Rates." Our extravagance was supposed to have been phenomenally gross, and London evidently believed the charges and the promises of our opponents. What were those promises? I know that now Mr. Hayes Fisher and his friends repudiate any definite promise of "lower rates." But the documents and leaflets of the last two elections still remain. Take the last fight, 1910. A budget of Moderate election literature was left at private houses, and on the cover I find "Vote for Municipal Reform—Lower Rates—Lower Rents—Better Local Trade—Happier Homes, etc., etc." A very specific pledge was also given in 1907 in these words (Municipal Reform Leaflet Q.):—

"If the Municipal Reformers are returned to power they pledge themselves by careful administration to reduce the rates."

Mr. Hayes Fisher himself, at the fifteenth Annual Meeting of the London Municipal Society, held in March, 1909, said: "If the Municipal Reformers were returned again and given three years more of the control of the finances of London, they might even see a reduction in the rates."

Now, after five years of Moderate Rule, what are the rates? If we take the average for London, including Poor rate, County Council, and City rates, we find it is 7s. 6¼d. How did matters

stand when the present administration took over the affairs of London? We have had uniformity of control, due to Moderate majorities on the Borough Councils as well as on the County Council; yet if we take the year 1907-08 we find the analogous figures to 7s. 6¼d. are 7s. 2¾d. This is an increase of 3½d. on the average rate. That is a serious business for London. It means that the householder assessed at £50 has to find 15s. extra per annum in rates, and from London as a whole the Moderates are drawing more than an extra half million sterling a year in County rate alone.

I see that Mr. Hayes Fisher is responsible for a financial treatise on investments. He insists therein that unless the "System" of the investor is sound, his "finance" cannot be successful. May I apply the principle of "The Geographical Distribution of Capital" to London's rates? Take, for instance, the rise and fall of rates in regard to population, and as it affects our various boroughs. In Westminster I find that there are 69,000 persons fewer than there were thirty years ago, and the rate stands at 6s. 7d. in the £; whereas, if you take Camberwell, where the population has increased during the last thirty years by 75,000 persons the rate is 8s. 10d. In wealthy Westminster the Poor rate is 2¼d.; and in poorer Camberwell, 1s. 2¾d.

There are many other kindred instances where the tenement population has been pushed out to make room for palatial buildings, and the districts which have had to receive these rejected tenement occupiers have had their rates increased in consequence.

WHAT THE MASTER AND THE FOREMAN PAY.

We can see by the report before us that if the rates of London were equalised we should have a flat and average rate of about 7s. 6d. in the £.

An actual case of master and man will enable us to see how the present unequal system works out. Take the manager of a large stores with a salary of £1,200 a year, living at Hampstead in a house the rent of which is, say, £120 per annum, brought up to £167, or one-seventh of his income, by his rates, which are 7s. 6d. in the £. The stores foreman lives at Camberwell in a five-roomed house at £21, his rates being 8s. 9½d., which, with water rate and inhabited house duty, make a total of £30 per annum, or one-fourth his entire earnings. This means that the poorer foreman, in addition to having to provide a much larger share of his income for house room, has to pay an extra 26s. a year, or 6d. per week, for the privilege of living in Camberwell. The positions should be reversed. The man living in "Happy Hampstead" might well be called upon to pay extra for his more healthful environment. Now in Birmingham, master and man pay the same rate and the latter would be saved this additional charge.

HOW MANUFACTURERS ARE PUNISHED.

It is startling when we see how this same vicious principle affects manufactories in London. Most of our industries are in high-rated boroughs. In Bermondsey, which has a rate of 9s. 3d. in the £, there is a firm of manufacturing confectioners assessed at £10,000, whose rates if they paid the average rate for London of 7s. 6¼d., would to-day be reduced by over £900 a year. This is but one of many similar cases of grave injustice to London's staple trades. It will be found that the factories have been pushed into the districts where the rates are high, and so we get these prohibitive municipal charges on industry. It is, indeed, a serious matter alike for business men and their employees. The manufacturer and worker together produce much of the wealth in the best-favoured districts. They are the more heavily rated, notwithstanding that they largely contribute to the opulence of Westminster, Kensington, or Hampstead!

ARE THE POORER BOROUGH COUNCILS EXTRAVAGANT?

As I have already said, all honour is due to the men who have given their time and abilities to Borough Council duties. It is the system and not the Councillors which is responsible for these indefensible inequalities. One frequently hears remarks, especially in the wealthier boroughs, as to the extravagance of the poorer districts, but an examination will show that the boot is on the other leg. Looking at the ratepaper of, say, Kensington and Bethnal Green, the local rates are respectively 1s. 5d. and 3s. in the £, and the inference on the surface would be that Bethnal Green is twice as extravagant as the "Royal Borough." But this is not really so, because a 1d. in the £ raises 12s. 7d. per head of the population in Kensington, while in poorer Bethnal Green it only raises 4s. Now, if we reverse the figures and measure the expenses by the rate-producing power of the respective districts, we shall see that Kensington is really the more extravagant. Unfortunately, in this Empire City there is most need where there is least money. As Mr. Masterman said in the last equalisation debate: "No other cities have such variation in rates as London."

This variation strikes at the root of all our attempts at social reform. The recent Poor-Law Commission recognised this when it reported: "The abolition of the Boards of Guardians is necessitated by the impossibility of establishing a good general system of public assistance so long as London is divided into sections, each having independent and separate authorities of this kind. There must be one central body with control of the administration."

Our policy should be not to abolish our Borough Councils, but to take them into equal Municipal partnership.

HOW LONDON SUFFERS UNDER THE ACTS PASSED SINCE 1888.

What are the excuses put forward by the Moderates in regard to these rising rates?

The present majority on the Council is constantly complaining of the present Government because of new duties put on the Council without fresh revenues being assigned to meet them. They have done so to a small extent. But let us compare Liberal impositions with those of their Conservative predecessors.

When Mr. Ritchie included London in the Local Government Bill of 1888 certain grants were made to the new L.C.C. out of the "assigned revenues." Unfortunately the wrong basis was fixed for the apportionment of these Exchequer contributions. That was the first and fundamental error, and others followed. But these impositions, Conservative and Liberal, must be set out in detail, and a balance struck to show which administration is most to blame.

LONDON'S LOSSES THROUGH CONSERVATIVE LEGISLATION.

1888. In fixing the basis for apportioning **Exchequer Contributions** (loss) £212,822

In consequence of the unequal incidence of the duty on licensed premises, London received only 11.1 per cent. of the annual value of its licensed premises, while the average for the rest of England and Wales was 24.7 per cent. To bring London's share up to the average would have meant an additional receipt of £150,000

1890. Police Act—the deficiency on police pension fund involved a rate of 1¼d. in 1911-12 ... ... £203,000

1890 & 1899. Deductions under assigned revenues under Diseases of Animals Act, 1890 £4,174

Ditto under Tithe Rentcharge Rates Act, 1899 ... ... £31,628

1902 } **Education Acts.**
1903 }

Net cost of maintenance of Non-provided schools excluding provision of meals, medical inspection and treatment, and enforcement of attendance (estimate for 1911-12), £443,590

Against this must be set the entire amount of the **Aid** Grant, viz. ... £241,000

Leaving a debit of £202,590

1905. The Unemployed Workmen Act imposed a burden of per annum £45,000

Total of Conservative Imposts ... £849,214

Equivalent to an annual rate of 4½d. in the £.

Now let us take the results of the legislation imposed by the Liberals.

LONDON LOSSES THROUGH LIBERAL LEGISLATION.

1907. Medical inspection of school children, estimated expenditure in 1911-12	£21,320
Glanders and Farcy Order...	£ 6,000
1908. Cost of collecting local taxation licence duties in excess of the amount allowed by the Finance Act, 1908...	£9,875
1909-10. Finance Act—	
Loss of Rateable Value in consequence of the increase of licence duties, by £600,000. The loss of rates is per annum	£146,000
Loss of "Monopoly Values" transferred to the Exchequer	£7,208
1910. **Police Weekly Rest Day**, enforced by order of the Home Secretary. Estimated cost to London, per annum	£126,000
1911. Loss of revenue from carriage licences under the Revenue Act, 1911...	£10,000
1911. Extra pay to the Metropolitan Police ...	£63,000
Total of Liberal Imposts ...	£389,400
Against this may be set the saving to London guardians consequent on the removal of the pauper disqualification for Old Age Pensions, estimated at	£117,000
Extra Police Grant in respect of Imperial and national services, London's share of which is ...	£48,000
	£165,000
	£224,400

Equivalent to an annual rate of only 1¼d. in the £.

OPTIONAL SERVICES.

It is important to notice that in the above calculations the cost of optional services has been omitted. Under the Conservative Acts of 1902 and 1903, secondary education even when relieved by the beer and spirit surtaxes and education grants has involved the London Ratepayers in a heavy burden, far greater than the cost of the feeding and medical treatment of school children under the Liberal Education Acts. According to the estimates 1911-12 the approximate cost of secondary education, training of teachers, and university education may be taken at £250,000. On the Liberal side the cost of feeding of children, medical treatment and organised games may be put at £126,000. These "optional" services added to the foregoing will show a Conservative debit of 5¾d. in the £ against a Liberal debit of about 1¾d.

THE PLEA FOR NATIONAL GRANTS.

Now our present Municipal financiers are constantly asking the Government for grants without first pressing for an amendment of the muddle which their friends made in the Act of 1888 and the Education Acts, notably that of 1902. This is really very short-sighted finance. The national money does not come from the moon. London taxpayers, if not ratepayers, would have to raise it. Let us see what would happen if, say, a million were provided by the Government for extra grants to England and Wales.

London taxpayers would have to find over ... £230,000

London ratepayers would get back, on basis of discontinued grants, 22 per cent. (Local Government Act, 1888) or..... £220,000

This means £10,000 to the bad as between taxpayers and ratepayers on general lines but under the Education Acts the position of London is much worse. On the basis of all elementary education grants (these grants are made under the Elementary Education Act, 1891 (fee grant); Education Act, 1902 (aid grant); and Codes of the Board of Education).

London would only get back only *12 per cent.* or ... £120,000

So the balance to the bad would be £110,000. On basis of aid grant (Education Act, 1902), London would get less than 10 per cent. equal to £100,000, or a loss of £130,000.

This, then, is the disastrous estimate of what Conservative legisaltion has meant for London. It is true that taxes are collected from the rich rather than the poor, but, allowing for all that, London would lose heavily, especially under the Education Acts, until the basis is readjusted. By all means get more out of the Government but first see that the apportionment is fair. So far, the Liberals, through arrears of legislation, have not had time to amend this Conservative muddle of municipal finance. They may well be pressed on the matter.

DOES LONDON PAY MORE THAN THE PROVINCES?

I showed a fortnight ago † that London pays nearly a pound a head more than Birmingham—apart from the Poor Law—for its Municipal Government. It has been argued, in reply, that London's rate in the £ is less than some of these cities. That is cold comfort for the London ratepayer, and for this reason, as the London Municipal Society says: "Every ratepayer knows that a factory assessed for rates at £15,000 in London is assessed at about half that amount in the country. "In the same way, a house that is rated at £60 in London can be got for £30 in the country. Therefore, though the rates may be 7s. in the £ both in London and in the country, yet the house in London pays in rates £21 a year, while the house in the country pays only £10 10s."

† See "Cost of London Government," London Reform Union Pamphlet No. 19, N.S., price 1d.

together from time to time and determine to put the market up or down so as to catch profits going and coming?

Answer:

As to "big men" meeting to determine the course of the stock market, that is one of those legends and superstitions inherited from olden days many years ago when conditions were totally different from what they are now, and when the scale of things and morals, too, were different, which it is hard to kill.

The fluctuations of the stock market represent the views, the judgment and the conditions of thousands of people all over the country, and indeed, in normal times, all over the world.

The current which sends market prices up or

and in Erdington, 232 per cent. These districts are almost entirely residential, and in so far as they are not so, the trades carried on are those of Birmingham. The people in reality are Birmingham people, though they sleep beyond the municipal boundary. More than half the householders, and considerably more than half of the male workers other than householders, work within the present City boundaries. Large numbers of children and students from these districts attend the elementary and higher grade schools in the city. The experience thus gained of dealing with the district as a whole strengthens the belief of the City Council that a more complete unification would be to the greatest good for the whole community." And the report concludes with this significant epitome:—

"It is submitted that there is only one way of removing these anomalies, and that is by placing the peoples of Birmingham and these surrounding districts—who really form one community—under one administration." Mr. Chairman, insert "London" in this sentance instead of "Birmingham" and you have the conclusion which it is my earnest desire to impress on the Council.

LONDON REFORM UNION.

CHAIRMAN.
HAROLD SPENDER, Esq.

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Telephone 1972 Central.

OBJECTS OF THE UNION.

To encourage good citizenship among all who live or work in London, and to promote united action in furtherance of social reform and better Municipal government. To secure the adoption of Progressive principles by all Municipal bodies in and around London. To reform the present system of local taxation, the City Corporation and its funds, the police, and the markets. To improve the administration of the river, docks, and Port of London, the means of transit and lighting and the Poor Law. To promote a just policy for labour, better housing and sanitation, a Municipal temperance policy and the complete organisation of all branches of education.

All Progressives and those interested in the improvement of London and Reform of its government are cordially invited to join the Union. Subscription, 2s. 6d. per annum, and upwards.

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